

BEFORE THE DIVISION OF INSURANCE

STATE OF COLORADO

FINAL AGENCY ORDER O-05-037

IN THE MATTER OF THE MARKET CONDUCT EXAMINATION OF WORLD INSURANCE COMPANY,

Respondent

THIS MATTER comes before the Colorado Commissioner of Insurance (the "Commissioner") as a result of a market conduct examination conducted by the Colorado Division of Insurance (the "Division") of World Insurance Company (the "Respondent"), pursuant to §§ 10-1-201 to 207, C.R.S. The Commissioner has considered and reviewed the market conduct examination report dated June 11, 2004 (the "Report"), relevant examiner work papers, all written submissions and rebuttals, and the recommendations of staff. The Commissioner finds and orders as follows:

FINDINGS OF FACT

1. At all relevant times, the Respondent was licensed by the Division as an accident and health insurance company.
2. In accordance with §§ 10-1-201 to 207, C.R.S., on June 11, 2004, the Division completed a market conduct examination of the Respondent. The period of examination was January 1, 2003 to December 31, 2003.
3. In scheduling the market conduct examination and in determining its nature and scope, the Commissioner considered such matters as complaint analyses, underwriting and claims practices, pricing, product solicitation, policy form compliance, market share analyses, and other criteria as set forth in the most recent available edition of the examiners' handbook adopted by the National Association of Insurance Commissioners, as required by § 10-1-203(1), C.R.S.
4. In conducting the examination, the examiners observed those guidelines and procedures set forth in the most recent available edition of the examiners' handbook adopted by the National Association of Insurance Commissioners and the Colorado insurance examiners handbook. The Commissioner also employed other guidelines and procedures that he deemed appropriate, pursuant to § 10-1-204(1), C.R.S.

5. The market conduct examiners prepared a Report. The Report is comprised of only the facts appearing upon the books, records, or other documents of the Respondent, its agents or other persons examined, or as ascertained from the testimony of the Respondent's officers or agents or other persons examined concerning Respondent's affairs. The Report contains the conclusions and recommendations that the examiners find reasonably warranted based upon the facts.
6. Respondent delivered to the Division written submissions and rebuttals to the Report.
7. The Commissioner has fully considered and reviewed the Report, any and all of Respondent's submissions and rebuttals, and all relevant portions of the examiner's work papers.

CONCLUSIONS OF LAW AND ORDER

8. Unless expressly modified in this Final Agency Order (the "Order"), the Commissioner adopts the facts, conclusions and recommendations contained in the Report. A copy of the Report is attached to the Order and is incorporated by reference.
9. Issue A1 concerns the following violation: Failure to reflect some forms on the Company's Annual Report of Forms in use in 2003. The Respondent shall provide evidence that it established procedures to ensure that all forms in use during a particular year are reported on the Annual Report of Forms in compliance with Colorado insurance law.
10. Issue A2 concerns the following violation: Certifying and using forms that do not comply with Colorado insurance law. The Respondent shall provide evidence that it established procedures to ensure that evidence of coverage forms issued or delivered to insureds comply with statutory mandates as certified by an officer of Respondent in compliance with Colorado insurance law.
11. Issue E1 concerns the following violation: Failure to reflect correct information on the forms used for determining if an applicant is a self-employed Business Group of One. The Respondent shall provide evidence that it revised its Determination of Self-Employed Business Group of One and application forms to reflect correct information to ensure compliance with Colorado insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.
12. Issue E2 concerns the following violation: Failure to reflect all required information in application forms concerning replacement of coverage. The

Respondent shall provide evidence that it revised its application forms to reflect correct and complete information concerning replacement of coverage to ensure compliance with Colorado insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.

13. Issue E3 concerns the following violation: Failure to display a fraud warning that is substantially the same as required by Colorado insurance law. The Respondent shall provide evidence that it revised all applicable forms that display the required fraud warning statement to reflect substantially the same wording to ensure compliance with Colorado insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.
14. Issue E4 concerns the following violation: Failure to disclose the existence and availability of an access plan in the most frequently sold policy in Colorado. The Respondent shall provide evidence that it revised its health benefit plans to clearly disclose the existence and availability of an access plan for each managed care network offered in Colorado to ensure compliance with Colorado insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.
15. Issue E5 concerns the following violation: Failure to reflect wording that would provide coverage for self-inflicted injuries that may result from a medical condition. The Respondent shall provide evidence that it revised all applicable forms to reflect wording that provides coverage for attempted suicide and self-inflicted injuries that may result from a mental or medical condition to ensure compliance with Colorado insurance law.
16. Issue E6 concerns the following violation: Failure to correctly define and give credit for creditable coverage toward pre-existing condition limitations for certain conditions. The Respondent shall provide evidence that it revised all applicable forms to reflect correct information concerning the definition and application of pre-existing condition limitations for certain conditions to ensure compliance with Colorado insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.
17. Issue E7 concerns the following violation: Failure to provide benefits for covered services based on a licensed provider's status, e.g., a family member. The Respondent shall provide evidence that it revised all applicable forms to reflect that benefits are not denied solely based on a provider's status as a family member to ensure compliance with Colorado insurance law.

18. Issue E8 concerns the following violation: Failure to reflect correct covered benefits for prosthetic devices. The Respondent shall provide evidence that it revised all applicable policy forms to reflect correct covered benefits for prosthetic devices to ensure compliance with Colorado insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.
19. Issue E9 concerns the following violation: Failure to reflect correct requirements for individual health plans sold to Business Groups of One to be regulated as individual plans instead of small group plans. The Respondent shall provide evidence that it revised its policies to reflect correct information concerning the requirements for individual health plans sold to Business Groups of One to be regulated as individual plans instead of small group plans to ensure compliance with Colorado insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.
20. Issue E10 concerns the following violation: Failure to reflect complete benefits for mandated preventive child health supervision. The Respondent shall provide evidence that it revised its policy forms to reflect complete benefits for preventive child health supervision services to ensure compliance with Colorado insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.
21. Issue E11 concerns the following violation: Failure to reflect correctly and completely the extent of coverage to be provided for home health and hospice care services. The Respondent shall provide evidence that it revised all applicable policy forms to disclose correctly and completely the extent of coverage provided for home health and hospice care services to ensure compliance with Colorado insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.
22. Issue E12 concerns the following violation: Failure to reflect a required policy provision regarding reinstatement. The Respondent shall provide evidence that it revised its policy forms to correctly reflect all policy provisions regarding reinstatement to ensure compliance with Colorado insurance law.
23. Issue E13 concerns the following violation: Failure to reflect correct information concerning non-renewal of health benefit plans. The Respondent shall provide evidence that it revised its policies to reflect correct information concerning non-renewal of both a particular health benefit plan and all relevant plans delivered in Colorado to ensure compliance with Colorado insurance law.

24. Issue E 14 concerns the following violation: Failure to allow life benefits in the event of suicide after the first policy year. The Respondent shall provide evidence to ensure that all affected policies with revised policy riders reflect correct information concerning defenses against payment of life insurance benefits in the event of suicide to ensure compliance with Colorado insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.
25. Issue E15 concerns the following violation: Failure to reflect the correct percentage of late payment interest to be paid on benefits. The Respondent shall provide evidence that it revised its policies to reflect accurate information concerning the payment of interest and penalties for claims not paid, denied, or settled within the required time periods to ensure compliance with Colorado insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.
26. Issue G1 concerns the following violation: Failure to automatically provide Colorado Health Plan Description forms during the application process. The Respondent shall provide evidence that Colorado Health Plan Description forms are automatically provided during the application process to ensure compliance with Colorado insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.
27. Issue H1 concerns the following violation: Failure to reflect correct or complete information on Certificates of Creditable Coverage. The Respondent shall provide evidence that Certificates of Creditable Coverage reflect correct and complete information to ensure compliance with Colorado insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.
28. Issue J1 concerns the following violation: Failure, in some cases, to pay, deny or settle claims within the time periods required by Colorado insurance law. The Respondent shall provide evidence that all claims are paid, denied or settled within the required time periods to ensure compliance with Colorado insurance law.
29. Issue J2 concerns the following violation: Failure to accurately determine the number of days utilized for claim processing. The Respondent shall provide evidence that it established the necessary procedures to ensure accuracy in determining the number of days required to process claims and calculate interest on late claims in compliance with Colorado insurance law.

30. Issue J3 concerns the following violation: Failure, in some cases, to accurately process claims. The Respondent shall provide evidence that staff processing claims are adequately trained and monitored for payment accuracy to ensure compliance with Colorado insurance law.
31. Issue J4 concerns the following violation: Failure to pay applicable late payment penalties and, in some cases, late payment interest. The Respondent shall provide evidence that late payment interest and penalties are paid in all required instances to ensure compliance with Colorado insurance law. Respondent shall perform a self-audit and pay applicable late payment penalties and/or late payment interest for the time period beginning January 1, 2003 through October 12, 2004. Respondent shall submit a summary of the findings to the Division on or before January 12, 2005.
32. Pursuant to § 10-1-205(3)(d), C.R.S, the Respondent shall pay a civil penalty to the Division in the amount of seventeen thousand two hundred fifty and no/100 dollars (\$17,250.00). This fine represents a combined fine for the cited violations of Colorado law. This fine was calculated in accordance with Division guidelines for assessing penalties and fines, including Division bulletin no. 1-98, issued on January 1, 1998.
33. Pursuant to § 10-1-205(4)(a), C.R.S., within sixty (60) days of the date of this Order, the Respondent shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related order.
34. Unless otherwise specified in this Order, all requirements with this Order shall be completed within thirty (30) days of the date of this Order. Respondent shall submit written evidence of compliance with all requirements to the Division within the thirty (30) day time frame, except where Respondent has already complied, as specifically noted in the Order. Copies of any rate and form filings shall be provided to the rate and forms section with evidence of the filings sent to the market conduct section. All self-audits, if any, shall be performed in accordance with Division's document, 'Guidelines for Self Audits Performed by Companies' presented at the market conduct examination exit meeting. Unless otherwise specified in this Order, all self-audit reports must be received within ninety (90) days of the Order, including a summary of the findings and all monetary payments to covered persons.
35. This Order shall not prevent the Division from commencing future agency action relating to conduct of the Respondent not specifically addressed in the Report, not resolved according to the terms and conditions in this Order, or occurring before or after the examination period. Failure by the Respondent to comply with the terms of this Order may result in additional

actions, penalties and sanctions, as provided for by law.

36. Copies of the examination report, the Respondent's response, and this final Order will be made available to the public no earlier than thirty (30) days after the date of this Order, subject to the requirements of § 10-1-205, C.R.S.

WHEREFORE: It is hereby ordered that the findings and conclusions contained in the final examination Report dated June 11, 2004, are hereby adopted and filed and made an official record of this office, and the above Order is hereby approved this 12th day of October, 2004.

A handwritten signature in cursive script that reads "Doug Dean".

Doug Dean
Commissioner of Insurance

CERTIFICATE OF CERTIFIED MAILING

I hereby certify that on the 12th day of October, 2004, I deposited the within
**FINAL AGENCY ORDER NO. O-05-037 IN THE MATTER OF THE MARKET
CONDUCT EXAMINATION OF WORLD INSURANCE COMPANY**, in the United
States mail via certified mail with the proper postage affixed and addressed to:

Michael E. Abbott, President
World Insurance Company
11808 Grant Street
Omaha, NE 68164

A handwritten signature in cursive script, reading "Dolores Arrington". The signature is written in black ink and is positioned to the left of a vertical red line.

Dolores Arrington, MA, AIRC
Market Conduct Section
Division of Insurance